Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of Application of)
MobilePro Corp., Transferor, American Fiber Network, Inc., Licensee, and United Systems Access, Inc., Transferee,) WC Docket No. 07-236
Domestic Section 214 Application for Transfer of)
Control)
MobilePro Corp., Transferor,) WC Docket No. 07-241
CloseCall America, Inc., Licensee, and)
United Systems Access, Inc., Transferee,)
Domestic Section 214 Application for Transfer of)
Control)
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REPLY OF UNITED SYSTEMS ACCESS, INC., MOBILEPRO CORP., AMERICAN FIBER NETWORK, INC., AND CLOSECALL AMERICA, INC.

I. INTRODUCTION

United Systems Access, Inc. ("USAI"), MobilePro Corp. ("MobilePro"),
American Fiber Network, Inc. ("AFN"), and CloseCall America, Inc. ("CloseCall" and,
together with USAI, MobilePro and AFN, "Applicants"), by their attorneys, hereby
jointly reply to the Comments filed by SkyRocket Communications Services Inc.

("SkyRocket")¹ in the above-captioned dockets. As discussed below, the public interest
would be best served by grant of these applications as part of the Commission's
streamlined process. The SkyRocket comments do not raise any issues that must be
resolved in this proceeding.

¹ Comments of SkyRocket Communications Services, Inc., WC Docket Nos. 07-236 (November 12, 2007); Comments of SkyRocket Communications Services, Inc., WC Docket No. 07-241 (November 12, 2007).

II. <u>BACKGROUND</u>

AFN and CloseCall are both providers of domestic telecommunications services that are wholly-owned subsidiaries of MobilePro, a publicly traded Delaware corporation. On June 30, 2007, MobilePro and USAI entered into an Agreement whereby USAI will acquire all of the outstanding capital stock of AFN and CloseCall. On October 5, 2007, MobilePro, AFN, CloseCall, and USAI, filed a Joint Application for Grant of Authority pursuant to Section 214 of the Communications Act of 1934, as amended, and Sections 63.04 and 63.24 of the Commission's Rules to consummate the transfer of control of AFN and CloseCall to USAI, requesting that the Commission consider the applications under its procedures for streamlined processing under Section 63.03(b)(2)(i) of the Commission Rules. On October 30, 2007, the Commission issued Public Notices for each application stating that "The Wireline Competition Bureau finds, upon initial review, that the transfer of control identified herein is acceptable for filing as a streamlined application." Unless the Commission acts otherwise, the transaction may close as early as November 30, 2007.

On November 12, 2007, SkyRocket filed comments requesting that the applications be removed from streamlined processing and that the Commission conduct a further investigation as to whether the proposed transfer is in the public interest.⁴
SkyRocket does not oppose the actual grant of the Application but alleges that MobilePro

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² Public Notice, WC Docket No. 07-236, DA 07-4460 (October 30, 2007) at p.2; Public Notice, WC Docket No. 07-241, DA 07-4461 (October 30, 2007) at p.2. The Commission has already granted the transfer of control of AFN's Section 214 authorization from MobilePro to USAI. See Public Notice, DA 07-4569 (November 8, 2007).

³ In order to meet certain financial obligations to each other and to third parties, including a required payment to Yorkville Advisers by MobilePro, the parties require that these transactions be approved by the Commission on or before December 21, 2007.

⁴ SkyRocket is operated by Thomas Mazerski, who was President and CEO of CloseCall from its founding in 1999 to October 15, 2006.

has consummated four transactions without Commission approval and that grant of these applications may result in an unauthorized transfer of assets from MobilePro to USAI. Specifically, SkyRocket questions the "legal" ownership of the customers, service operations, and other assets of US1 Telecommunications, Inc. ("US1"), Affinity Telecom, Inc. ("Affinity"), TeleCommunications Systems, Inc. ("mobeo" brand) ("TCS"), and AllCom USA ("AllCom"). Some or substantially all of the customers and/or assets of these entities were acquired by MobilePro, directly or through one of its wholly-owned subsidiaries, over the course of three years and four separate transactions. SkyRocket claims that it was unable to find any public record of an application for transfer of control or any record of subsequent approval related to (i) the June 2004 corporate acquisition of US1, a Kansas City, Missouri-based provider of long distance telephone service; (ii) the July 2004 corporate acquisition of Affinity, a Michigan-based CLEC and long distance telephone service provider; (iii) the September 2005 acquisition of certain assets of AllCom, a long distance and T-1 service provider; and (iv) the 2007 acquisition of certain assets of TCS, a wireless reseller.

III. STREAMLINING ISSUES

In the 2002 Further Streamling Order, the Commission stated that all carriers are "eligible" to seek streamlining. The Commission went one step further and established a presumption for the streamline processing of "categories of applications."

Therefore, except as qualified by the next sentence, the streamlined procedures provided in this Order shall be presumed to apply to all transfer of control applications in the following categories: (1) both applicants are non-facilities-based carriers; (2) the transferee is not a telecommunications provider; (3) the proposed transaction involves only the transfer of local exchange assets of an incumbent LEC by means other than an acquisition of corporate control; (4) neither of the applicants is dominant with respect to any

service; (5) the applicants are a dominant carrier and a non-dominant carrier that provides services exclusively outside the geographic area where the dominant carrier is dominant; or (6) the applicants are incumbent independent LEC that have, in combination, fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide and no overlapping or adjacent service areas. With respect to categories 4 through 6 above, an application would be presumptively streamlined only where a transaction would result in a transferee having a market share in the interstate, interexchange market of less than 10 percent, and the transferee would provide competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction. ⁵

At a minimum, the Applications are eligible for presumptive streamlined processing based on the fact neither applicant is dominant with respect to any service and the transaction will not result in the transferee having a market share of 10 percent or more. In addition, SkyRocket's claim that the Applications should be removed from streamlined processing does not advance the Commission's goal of reducing the legal and business burdens associated with the domestic 214 application process.

The Commission's opportunity to review alleged erstwhile violations is not contingent upon the outcome of the instant transfer of control. If the Commission chooses to investigate SkyRocket's allegations, it could do so in a separate proceeding. The public interest is in no way served by delaying the grant of the proposed transaction.⁶

IV. PUBLIC INTEREST BENEFITS OF THE PROPOSED TRANSACTIONS

SkyRocket believes "that it would be in the public interest for the Commission to allow for a more thorough and detailed investigation of each of MobilePro's mergers and acquisitions prior to the Commission moving forward with this Application."⁷ To the

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⁵ In the Matter of Implementation of Further Streamlining Measures For Domestic 214 Authorizations, 17 FCC Rcd 5517 (March 21, 2002).

⁶ With the completion of this transaction, MobilePro will no longer have any local exchange or long distance customers.

⁷ Comments at 3.

contrary, Applicants submit that the proposed transactions will serve the public interest and should be granted at this time. In assessing whether a particular merger is in the public interest, the Commission balances a number of factors.⁸

Specifically, the Commission has held "that a transfer of control that increases the financial ability of a licensee with respect to its operations serves the public interest...[and] the public interest is served if a proposed transaction would increase competition among market participants." Applicants expect that the proposed acquisition will enable AFN, CloseCall and USAI to strengthen their competitive positions to the benefit of consumers and the telecommunications marketplace by providing greater economies of scale to the combined company, access to wireless products for USAI's customers at lower cost and access to potentially lower long distance costs for AFN's and CloseCall's customers due to USAI's growing facilities based capabilities. The Commission has also indicated that allowing "the provision of additional investment and expertise" into a carrier will serve the public interest. The proposed transaction will provide AFN and CloseCall access to USAI's substantial technical and management expertise, and will likely provide greater access to outside capital. These benefits are expected to strengthen the abilities of AFN and CloseCall to

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⁸ The Merger of MCI Communications Corporation and British Telecommunications plc, Memorandum Opinion and Order, 12 FCC Rcd 15351, ¶41 (Sept. 24, 1997).

⁹ *In-Flight Phone Corporation for Transfer of Control to MCI Telecommunications Corporation*, Declaratory Ruling and Order, 10 FCC Rcd 10448, ¶6 (June 9, 1996).

Melbourne International Communications, Ltd., Order, Authorization and Certificate, 12 FCC Rcd 898, ¶10 (Jan. 21, 1997).

See, MobilePro Signs Definitive Agreement to Sell CLEC Division, found at http://www.hawkassociates.com/moblpr267.aspx (posted July 2, 2007).

expand their offerings and provide more advanced telecommunications services to a broader customer base. 12

In addition to the substantial benefits set forth above, no harm will come to current consumers. The transaction will be conducted in a manner that will be transparent to customers of AFN and CloseCall. The transfer of control of AFN and CloseCall will not result in a change of carrier for customers or any assignment of authorizations. Following consummation of the proposed transaction, AFN and CloseCall will continue to provide high-quality communications services to their customers without interruption and without any immediate change in rates, terms or conditions. Accordingly, contrary to SkyRocket's assertion that delaying approval of this transaction is in the public interest, consumers and the communications marketplace will benefit more from the approval of this transaction. Further, there are no resulting harms which counterbalance these benefits.

V. <u>PRIOR MOBILEPRO TRANSACTIONS</u>

A. US1

In June 2004 MobilePro acquired the stock of one of its agents, US1. As an agent, US1 retained customers for AFN, who bought services provided by AFN, at rates established by AFN and billed by AFN. Though the customers were owned by US1, AFN was the service provider. US1 customers were aware that services were provided by AFN, as shown in the letter attached at Exhibit A. Accordingly, because US1 was not a telecommunications carrier, the US1 acquisition did not require Commission approval.

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Significantly, the SkyRocket comments are all directed at MobilePro and do not implicate USAI, the company that will ultimately own AFN and CloseCall when the transaction is approved. It is therefore disingenuous for SkyRocket to suggest that the public interest may somehow be better served by the continued ownership of AFN and CloseCall by MobilePro, rather than USAI.

B. Affinity

Shortly after the US1 acquisition, MobilePro acquired the stock of Affinity, which served customers only in the state of Michigan. MobilePro did not receive approval prior to this acquisition; it did, however, provide notice of the acquisition to the affected customers. A copy of the notice is attached at Exhibit B.

C. AllCom

In 2005, MobilePro acquired certain assets, including the customers of AllCom. AllCom's operations have been independently maintained, distinctly separate from AFN and CloseCall. At the time of the acquisition, MobilePro was not aware that the purchase of assets from a telecommunication company required prior Commission approval. MobilePro did, however, provide notice of the acquisition to the affected customers. A copy of the notice is attached at Exhibit C.

D. TCS

TeleCommunications Systems, Inc.'s "mobeo" division is a wireless reseller that does not hold any FCC licenses. The acquisition of the assets of a wireless reseller does not raise competitive or licensing implications that would trigger the Commission's public interest responsibility to review and approve such transaction. Though not required by any Commission rule or regulation, CloseCall did notify TCS customers of the transaction. A copy of the notice is attached at Exhibit D.

SkyRocket further argues that the customers and assets of US1 and Affinity have been unlawfully absorbed into MobilePro. Consequently, SkyRocket suggests that, in

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MobilePro's general counsel at the time of the Affinity and AllCom transactions is no longer with the Company. In addition, Mr. Mazerski was involved with the integration of the Affinity transaction and was aware of the AllCom transaction and never raised any questions about the regulatory approval process.

order to correct any insufficiencies in MobilePro's previous dealings prior to granting the instant application, any and all customers, service operations, and other assets from these transactions should be unraveled and decisively separated from AFN and CloseCall's customers, service operations, and other assets. This suggestion is impractical, unreasonable and contrary to the public interest. As SkyRocket's CEO is aware, customers have come and gone. The exercise as suggested would require an exorbitant amount of time and resources with no benefit provided to consumers. As noted above, it is well settled that the Commission's goal, with respect to telecommunications mergers and acquisitions, is consumer protection and a competitive marketplace. In other filings made by MobilePro with the Commission, MobilePro disclosed its corporate relationships with Affinity and US1. Moreover, in all cases, affected customers were notified of the transactions. There is no public benefit which would come from trying to unravel past acquisitions.

Finally, SkyRocket requests that the Commission "require an accounting audit of each such acquisition to ensure that all taxes, regulatory fees, universal service

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See Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from; MediaOne Group, Inc., Transferor, To AT&T Corp. Transferee, CS Docket No. 99-251, Memorandum Opinion and Order, 15 FCC Rcd 9816, 9821 (2000); see also Application of WorldCom, Inc. and MCI Communications Corporation for Transfer of Control of MCI Communications Corporation to WorldCom, Inc., 13 FCC Rcd 18025 (1998).

Domestic Section 214 Application for Transfer of Control of American Fiber Network, Inc.., to MobilePro Corp., FCC File No. ITC-214-20060715-00266 (July 15, 2005); Domestic Section 214 Application for Transfer of Control of Closecall America, Inc., to MobilePro Corp., WC Docket No. 04-364 (Sept. 15, 2004).

Despite broad authority, the Commission has held that it will impose conditions only to remedy harms that arise from the transaction (i.e., transaction-specific harms) and that are related to the Commission's responsibilities under the Communications Act and related statutes. Thus, it will not impose conditions to remedy pre-existing harms or harms that are unrelated to the transaction. SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control, WC Docket No. 05-65, Memorandum Opinion and Order, 20 FCC Rcd 18290, 18303 (2005). See also Applications of Cumulus Licensing, Corp. and Clear Channel Broadcasting Licenses, Inc. for Consent to Assignment, Order, 16 FCC Rcd 1052 (Jan. 17, 2001) (Commission refuses to unravel multi-million dollar business transaction that closes prior to finality "absent a compelling reason").

obligations and proper licensing were/are up to date and in place prior to and post closing." As the Commission well knows, it has no jurisdiction over the payment or collection of federal or state taxes. The other obligations referenced by SkyRocket are within the purview of the Commission; and, it is clear that regulatory payments have been made or the Commission would not have permitted the processing of these applications. Specifically, none of the Applicants are subject to red light review at this time. SkyRocket's implication that Applicants have failed to perform their obligations is therefore inapt and should be dismissed.

VI. CLOSECALL CIVIL LITIGATION WITH SKYROCKET

Not surprisingly, SkyRocket does not identify its interests in this proceeding, nor is its filing signed by any employee or representative of the Company. SkyRocket has filed these comments because of a commercial dispute with CloseCall, not out of any interest for the public. The facts are that on October 6, 2006, CloseCall and SkyRocket entered into an agreement for outsourced technical support services that were to be provided by SkyRocket to CloseCall subscribers. On April 27, 2007, CloseCall terminated the agreement with SkyRocket. Four months later, CloseCall filed a civil complaint against SkyRocket in the Circuit Court for Howard County, Maryland (Civil Case No. 13-C-07-70296), setting forth two causes of action (1) breach of contract and (2) unjust enrichment. SkyRocket filed an Answer to Complaint as well as a

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¹⁷ Comments at 3.

¹⁸ Indeed, the application for the transfer of control of CloseCall to USAI was not placed on Public Notice until CloseCall paid 2007 regulatory fees that were inadvertently not paid because of administrative changes at the company.

While he was President and CEO of CloseCall, Mr. Mazerski signed internal quarterly Sarbanes Oxley certifications that he was not aware of any material undisclosed liabilities, including taxes and fees.

As noted earlier, Mr. Mazerski was President and CEO of CloseCall from its founding in 1999 to October 15, 2006. As the Commission can see, Mr. Mazerski, on behalf of Closecall, entered into an agreement with his future employer nine (9) days before his departure from Closecall.

Counterclaim on October 5, 2007. SkyRocket sought to settle the civil complaints and had suggested to MobilePro that if the case did not settle, it would file comments on the pending FCC applications. The parties did not reach a settlement and on November 12, 2007, SkyRocket filed comments in this proceeding.

The Commission has emphasized that its review of a 214 application focuses only on harms and benefits that are "merger-specific." Accordingly, "the Commission recognizes and discourages the temptation...to use the license transfer review proceeding as a forum to address or influence various disputes with one or the other of the applicants that have little if any relationship to the transaction or to the policies and objectives of the Communications Act." Further the Commission has held that the use of the 214 application proceeding is not the proper forum to "attempt to exert pressure with respect to a dispute over unrelated contractual agreements." SkyRocket should not be permitted to use this proceeding as leverage in the unrelated civil litigation.

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²¹ In the Matter of Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations by Time Warner Inc. and America Online, Inc. to AOL Time Warner Inc., Memorandum Opinion and Order, CS Docket No. 00-30, ¶6 (January 22, 2001).

²² Global Crossing Ltd. And GC Acquisition Limited for Consent to Transfer Control of Submarine Cable Landing Licenses, International and Domestic Section 214 Authorizations, and Common Carrier and Non-Common Carrier Radio Licenses, and Petition for Declaratory Ruling Pursuant to Section 310(b)(4) of the Communications Act, Order and Authorization, 18 FCC Rcd 20301, ¶53-54 (Oct. 8, 2003).

VII. <u>CONCLUSION</u>

As demonstrated above, the public interest will benefit from the expeditious approval of the transfer of control of AFN and CloseCall to USAI. The applications meet the criteria for streamlined treatment and the SkyRocket comments do not provide any reason to delay such approval.

Respectfully submitted,

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November 20, 2007

EXHIBIT A

US One Communications, Inc. /American Fiber Network, Inc.

Dear valued US One Communications, Inc. / American Fiber Network, Inc. Customer,

US One Communications, Inc. is pleased to provide 24-hour service through American Fiber Network for your telephone service needs. US One Communications and American Fiber Network are dedicated to providing the highest quality customer service 24 hours a day, 7 days a week. We hope this improves your telephone experience with US One Communications and American Fiber Network.

For any questions, please contact Jeff Weidner or Tessley Smith at (866) 888-0055.

EXHIBIT B



Mr. John Doe 123 Main Street Anytown, USA 12345

GREAT NEWS! Effective October 18, 2004, Affinity Telecom and CloseCall America, Inc. have joined forces to bring you Exceptional Telephone Service, as CloseCall America/Affinity Telecom.

With our combined resources, we will provide you, your family members and friends with Improved Customer Service and a Wide Variety of New Products and Services, including: High Speed Internet and Cellular Phones.

You will hear more about our new initiative and what we have to offer you in the very near future. We look forward to showing you how much We Appreciate Your Business!

Thank You,

Yianni Kopanakis

C.E.O

Affinity Telecom

EXHIBIT C

AllCom USA, Inc. Customer,

Recently, AilCom USA and American Fiber Network, Inc. combined their services so we may provide you with greater variety of telecom services and support. AFN has been in business since 1991, providing local and long distance telephone services nationwide. Our focus is making sure that we provide you with the highest level of service. Our business office hours are 8:00 AM to 7:00 PM Monday thru Friday Central Time. AFN has live emergency service 24/7. If you desire, you may change carriers as long as you are not under contractual agreement with AllCom. Please call 1-800-4-AllCom (1-800-425-5266) for any issues, the same number as AllCom.

This is your first bill from AllCom/AFN. YOUR RATES AND CHARGES HAVE NOT CHANGED. The previous balance is a continuation of previous months billings, if payment had not been received prior to 10/25/2005. All of us at AFN look forward to continuing to serve you, now and in the future.

Access your account information at www.AfnLtd.com/MyAccount. With AFN's web site you can pay your invoice on-line, sign up to receive E-Mail invoices, and change your billing information. You also have the ability to view your invoices, call detail, and phone services provided by AFN.

To access the AFN web site, register using your phone number and your new account number provided on the front page of your invoice.

If you have any questions, please contact our customer service department at 1-800-425-5266 or E-Mail Information@AfnLtd.com.

We appreciate and value the opportunity to serve you.

Sincerely,

American Fiber Network, Inc.

EXHIBIT D





January 12, 2007

To Our Valued Customer,

GREAT NEWS! Effective January 1, 2007, TCS mobeo® has joined forces with CloseCall America. You will continue to receive the same excellent service and support that you have always received, plus you will soon have the ability to purchase additional telephone services and get them all on one bill. Look for announcements about these new services in the months to come, including a website that will address many questions you may have.

Also, look for new payment address information starting with your February invoice.

What To Know For Now:

- 1) No change to our support phone numbers. You can still reach us at 866-815 -2701 for customer service, technical support, and billing questions.
- 2) No change in network reliability. Your wireless service will continue to operate on the same reliable network that it does today. Best in class!
- 3) No plans to increase your rates. Although beginning next month your invoice may look a little different, we have every intention to maintain the same billing plans that you currently have.

We thank you for being a valuable customer, and for your patience as we go through this transition which we will strive to make as seamless as possible to you. We hope to continue to earn your trust for ALL of your communication needs!

Sincerely,

Sincerely,

Gregg Smith

Senior Vice President

TeleCommunication Systems, Inc.

Greg Van Allen

Senior Vice President, General Manager

CloseCall America, Inc.

VERIFICATION OF JAY WRIGHT

- 1. I am the Chairman and Chief Executive Officer of MobilePro Corp.
- 2. I have read the foregoing REPLY OF UNITED SYSTEMS ACCESS, INC., MOBILEPRO CORP., AMERICAN FIBER NETWORK, INC., AND CLOSECALL AMERICA, INC.
- I have personal knowledge of the facts stated in the foregoing Reply. The
 facts set forth in the response, other than those of which official notice may be
 taken, are true and correct to the best of my knowledge, information, and
 belief.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: ///19/07